

BILL ANALYSIS

Senate Research Center

H.B. 3171
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Local Government
5/21/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Supreme Court recently struck down a city charter amendment passed by Houston voters, which set a floor for firefighter pay, ruling that the city charter was inconsistent with the Fire and Police Employee Relations Act. The bill author has informed the committee that this ruling inadvertently invalidated the binding arbitration provisions that seven local fire departments had achieved either through a city charter amendment or through their collective bargaining agreements, and now these departments desire the restoration of the bargaining impasse tools they had in place before the court's ruling. H.B. 3171 seeks to address this issue by clarifying guidelines and standards regarding compensation and employment conditions for municipal employees through charters or collective bargaining agreements, including the dispute resolution process.

H.B. 3171 amends current law relating to compensation and employment condition standards by municipal charter or collective bargaining agreement and to impasse resolution in collective bargaining with certain political subdivisions.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 174.005, Local Government Code, to create an exception under Chapter 174 (Fire and Police Employee Relations).

SECTION 2. Amends Section 174.022(b), Local Government Code, as follows:

(b) Provides that, if an arbitration award or other impasse resolution is rendered as provided by Subchapter E or E-1, the public employer involved is considered to be in compliance with the requirements of Section 174.021 (Prevailing Wage and Working Conditions Required) as to the conditions of employment provided by the award for the duration of the collective bargaining period to which the award applies.

SECTION 3. Amends the heading to Subchapter E, Chapter 174, Local Government Code, to read as follows:

SUBCHAPTER E. MEDIATION; IMPASSE RESOLUTION

SECTION 4. Amends Section 174.153(a), Local Government Code, to create exceptions under Section 174.165 and Subchapter E-1.

SECTION 5. Amends Section 174.156(b), Local Government Code, to create exceptions under Section 174.165 and Subchapter E-1.

SECTION 6. Amends Section 174.163, Local Government Code, as follows:

Sec. 174.163. New heading: COMPULSORY ARBITRATION NOT REQUIRED; EXCEPTIONS. Creates exceptions under Section 174.165 and Subchapter E-1.

SECTION 7. Amends Subchapter E, Chapter 174, Local Government Code, by adding Section 174.165, as follows:

Sec. 174.165. OTHER IMPASSE RESOLUTION FOR FIRE FIGHTERS UNDER MUNICIPAL CHARTER OR COLLECTIVE BARGAINING AGREEMENT. (a) Provides that, except as provided by Subsection (b), this section applies only to:

(1) except as provided by Subdivision (2), if a municipality has a charter that provides for the resolution of an impasse in a collective bargaining process governed by this chapter involving a public employer of the municipality and an association that is a bargaining agent for employees of the public employer, that public employer and bargaining agent; or

(2) if a collective bargaining agreement under this chapter is in effect and provides for the resolution of an impasse in a collective bargaining process governed by this chapter involving a public employer of a political subdivision and an association that is the bargaining agent for the fire fighters of the public employer, that public employer and bargaining agent.

(b) Provides that this section does not apply to a municipality or association to which Subchapter E-1 applies.

(c) Requires a public employer and an association that is a bargaining agent for fire fighters to submit to the impasse resolution mechanism contained in the charter or agreement described by Subsection (a), as applicable, if the parties reach an impasse in collective bargaining or are unable to settle after the 61st day after the date the appropriate lawmaking body fails to approve a contract reached through collective bargaining.

(d) Provides that a provision of this subchapter relating to arbitration does not apply to the impasse resolution mechanism described by Subsection (c), unless the charter or agreement described by Subsection (a), as applicable, specifically provides otherwise. Provides that, to the extent of any conflict, the charter or agreement, as applicable, prevails over any provision of Subchapter E (Mediation; Arbitration).

SECTION 8. Amends Chapter 174, Local Government Code, by adding Subchapter E-1, as follows:

SUBCHAPTER E-1. ARBITRATION IN CERTAIN MUNICIPALITIES

Sec. 174.181. APPLICABILITY OF SUBCHAPTER. Provides that this subchapter applies only to:

(1) a municipality with a population of more than 950,000 and less than 1,050,000; and

(2) an association that is a bargaining agent for the employees of a fire department of a municipality described by Subdivision (1).

Sec. 174.182. BINDING INTEREST ARBITRATION. (a) Requires a municipality and an association that is a bargaining agent to submit to binding interest arbitration as provided by this subchapter if the parties have reached an impasse as defined by Section 174.152 (Impasse).

(b) Authorizes the municipality or the association that is a bargaining agent to request arbitration after the party provides written notice to the other party specifying the issues in dispute.

(c) Requires the parties, if a party requests arbitration under this section, to submit all issues in dispute to arbitration not later than the 45th day after the date the other party received the requesting party's written arbitration request.

Sec. 174.183. ARBITRATION BOARD. (a) Requires each party, not later than the fifth day after the date the original written request to arbitrate is received, to select one arbitrator and immediately notify the other party in writing of the name and contact information of the arbitrator selected.

(b) Requires the arbitrators, not later than the 10th day after the date arbitrators are selected under Subsection (a), to attempt to select a third, neutral arbitrator to form a three-person arbitration board.

(c) Requires the parties, if the arbitrators are unable to agree on a third arbitrator as provided by Subsection (b), to request a nationwide list of nine qualified neutral arbitrators from the American Arbitration Association. Authorizes the parties to agree on one of the nine neutral arbitrators on the list. Requires each party, if the parties do not agree within five days after the date they receive the list, to alternate striking a name from the list, and provides that the name remaining is the third arbitrator.

(d) Provides that the third arbitrator selected under this section presides over the arbitration board.

(e) Requires that a decision made by the arbitration board at any stage of the arbitration process be determined by majority vote of the arbitrators on the board.

Sec. 174.184. ARBITRATION PROCESS; JUDICIAL REVIEW. (a) Provides that, except as provided by this subchapter, Subchapter E does not apply to arbitration conducted under this subchapter. Requires that arbitration under this subchapter be conducted in accordance with certain sections of this chapter.

(b) Authorizes an award of an arbitration board issued under this subchapter to be reviewed by a district court in accordance with Section 174.253 (Judicial Review of Arbitration Award).

Sec. 174.185. ARBITRATION AWARD CONSIDERATIONS. Provides that, in making an award under this subchapter, the arbitration board is authorized to consider only the following:

(1) the history of collective bargaining agreements and negotiations between the parties;

(2) compensation and conditions of employment that prevail in comparable public sector employment in other municipalities;

(3) the rate of increase or decrease in the cost of living for the municipality's metropolitan area as determined by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), adjusted as necessary to account for housing and tax costs in the metropolitan area and other relevant local factors;

(4) certain conditions of employment; and

(5) revenues available to and contractual obligations of the municipality and the impact of any arbitration ruling on the taxpayers of the municipality.

SECTION 9. (a) Provides that the change in law made by this Act validates impasse resolution provisions provided in a municipal charter, collective bargaining agreement, or arbitration award that are in effect on the effective date of this Act, and applies to collective bargaining negotiations in progress on the effective date of this Act or started on or after the effective date of this Act.

(b) Provides that a change in law made by this Act is not grounds to challenge a collective bargaining agreement or arbitration award that was entered into or awarded before the effective date of this Act.

SECTION 10. Effective date: upon passage or September 1, 2025.